



January 23, 2012

Ms. Kathryn Boland
ADEQ Water Quality Compliance Section
Mail Code 5415B-1
1110 West Washington Street
Phoenix, Arizona 85007

Subject: 5-Day Notification and 30-Day Report of Alert Level Exceedance for Sulfate;
Aquifer Protection Permit (APP) No. 101704

Dear Ms. Boland:

In accordance with Aquifer Protection Permit (APP) No. P-101704, Curis Resources (Arizona) Inc. (Curis Arizona) is providing the Arizona Department of Environmental Quality (ADEQ) with this notification of alert level (AL) exceedances in a point-of-compliance (POC) monitor well at the Florence Copper Project. Concurrent notification is also being made to the U.S. Environmental Protection Agency (USEPA).

As you are aware, in February 2010, Curis Resources (Arizona) Inc. (Curis Arizona) purchased all of the assets of Florence Copper and the right to apply for the transfer of its permits to Curis Arizona, including the APP and Underground Injection Control (UIC) Permit. Curis Arizona submitted an amendment request and assumed the compliance obligations of those permits. The amended APP transferring the permit to Curis Arizona was issued August 12, 2011.

The Florence Copper Project is a proposed in-situ copper mining facility. The facility has been inactive since a pilot test in 1998, which was performed in a very limited portion of the permitted area. The only on-going process at the facility is an evaporation impoundment which contains less than 10% of the liquid capacity. Only minor leakage has ever been recorded in the leak collection and recovery system, and none in the last five years.

The permit requires quarterly monitoring of four indicator parameters, fluoride, magnesium, sulfate and total dissolved solids (TDS). The quarterly parameters were selected on the basis of theoretical impact by the in-situ process. All four parameters would be expected to increase significantly.

Monitoring well P49-O was sampled on December 5, 2011. The results were reported on December 21, 2011 and alert level exceedances of magnesium, sulfate, and TDS were observed. A verification sample was collected on January 4, 2012. The confirmation results were reported on January 18, 2012. In accordance with permit conditions 2.6.2.3 (Exceeding of Alert Levels in Groundwater Monitoring Wells) and 2.7.3 (Permit Violations and Alert Level Status Reporting), we are providing this 5-day notification and 30-day report.



The following concentrations were reported for the primary sample and verification sample.

WELL ID	SAMPLE DATE	ANALYTE	RESULT	ALERT LEVELS	UNITS
P49-O	12/5/2011	Magnesium	15	6.2	mg/L
P49-O	12/5/2011	Sulfate	1,280	181	mg/L
P49-O	12/5/2011	TDS	2,000	801	mg/L
P49-O	1/4/2011	Magnesium	15	6.2	mg/L
P49-O	1/4/2011	Sulfate	1,320	181	mg/L
P49-O	1/4/2011	TDS	2,000	801	mg/L

There are no Aquifer Water Quality Standards (AWQS) or Aquifer Quality Limits (AQLs) for the parameters.

Under prevailing conditions, P49-O is a cross-gradient, background well to the pilot test area. Since the facility is inactive, the increased concentrations are not believed to be related to permitted mining operations. The remaining indicator parameter, fluoride, decreased significantly, which is counter-indicative of an impact.

For the December 2011 sampling event, the pump in P49-O was replaced with a low-flow bladder pump. The increases in concentrations in P49-O appear to be an affect of the low-flow sampling methodology. The low-flow pump may be collecting the water sample from a distinct portion of the aquifer zone with higher concentrations which become diluted performing a typical three borehole volume purge. The concentrations are in fact similar to the ranges observed in nearby well M24-O for pre-mining, ambient conditions. Since the observed changes in concentrations are not believed to be related to the permitted activities, we believe no further action is required.

There were no other exceedances of alert levels in the monitoring network, with the exception of sulfate in M1-GL. This well is an upgradient, background well under prevailing conditions. Sulfate concentrations have increased over time as described in our notification letter dated September 30, 2011 and Third Quarter 2011 Report dated October 28, 2011. Concentrations of the other three indicator parameters remain well below ALs. The well is in monthly monitoring for the indicator parameters and sulfate concentrations continue to be above the set alert level. M1-GL is completed in a different aquifer zone and the elevated sulfate concentrations are not believed to be related to the changes in concentrations of P49-O.

Permit condition 2.6.2.3.2.2 requires that monitoring frequency of P49-O be increased to monthly for the quarterly indicator parameters. Based on the analysis provided, we request to resume quarterly monitoring for both well P49-O and M1-GL.

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We appreciate your consideration of this request. Please contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

CURIS RESOURCES (ARIZONA) INC.



Daniel Johnson
Environment and Technical Services Manager

BAS:ld
Attachments
cc: Florence Copper File



May 10, 2012

Ms. Kathryn Boland
ADEQ Water Quality Compliance Section
Mail Code 5415B-1
1110 West Washington Street
Phoenix, Arizona 85007

Subject: 6-Month Monitoring Report for M1-GL;
Aquifer Protection Permit (APP) No. 101704

Dear Ms. Boland:

In accordance with Aquifer Protection Permit (APP) No. P-101704, Curis Resources (Arizona) Inc. (Curis Arizona) is providing the Arizona Department of Environmental Quality (ADEQ) with this 6-month status report of contingency sampling for alert level (AL) exceedances in a point-of-compliance (POC) monitor well at the Florence Copper Project.

As you are aware, in February 2010, Curis Resources (Arizona) Inc. (Curis Arizona) purchased all of the assets of Florence Copper and the right to apply for the transfer of its permits to Curis Arizona, including the APP and Underground Injection Control (UIC) Permit. Curis Arizona submitted an amendment request and assumed the compliance obligations of those permits. The amended APP transferring the permit to Curis Arizona was issued August 12, 2011.

The Florence Copper Project is a proposed in-situ copper mining facility. The facility has been inactive since a pilot test in 1998, which was performed in a very limited portion of the permitted area. The only on-going process at the facility is an water impoundment which contains less than 10% of the liquid capacity. Only minor leakage has ever been recorded in the leak collection and recovery system, and none in the last five years.

The permit requires quarterly monitoring of four indicator parameters, fluoride, magnesium, sulfate and total dissolved solids (TDS). The quarterly parameters were selected on the basis of theoretical impact by the in-situ process. All four parameters would be expected to increase significantly.

In September 2011, sulfate exceeded the AL for sulfate in monitoring well M1-GL, located upgradient of the test site. The exceedance was confirmed in the same month and the ADEQ was notified on September 30, 2011. In accordance with the permit, the monitoring frequency of MW-1 was increased to monthly for the quarterly indicator parameters. Permit condition 2.6.2.3.2.7 requires submittal of a report documenting the results following six sequential monthly sampling events (October 2011 through March 2012).



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A general increase in the sulfate concentrations in M1-GL has been observed from 2000 to 2010. The remaining four indicator parameters are relatively stable and well below the established ALs (Figure M1-GL). Since M1-GL is an upgradient, background well to this pilot test area, the increased concentrations cannot be attributed to permitted mining operations. Therefore we believe no further action is required.

Monthly monitoring for the well was performed in April 2012 and we anticipate performance of the biennial extended sampling event in May 2012. If there are no exceedances of ALs for the well for the biennial Level II parameters, we will return to monitoring MW-1 on a quarterly basis for the indicator suite.

Please contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

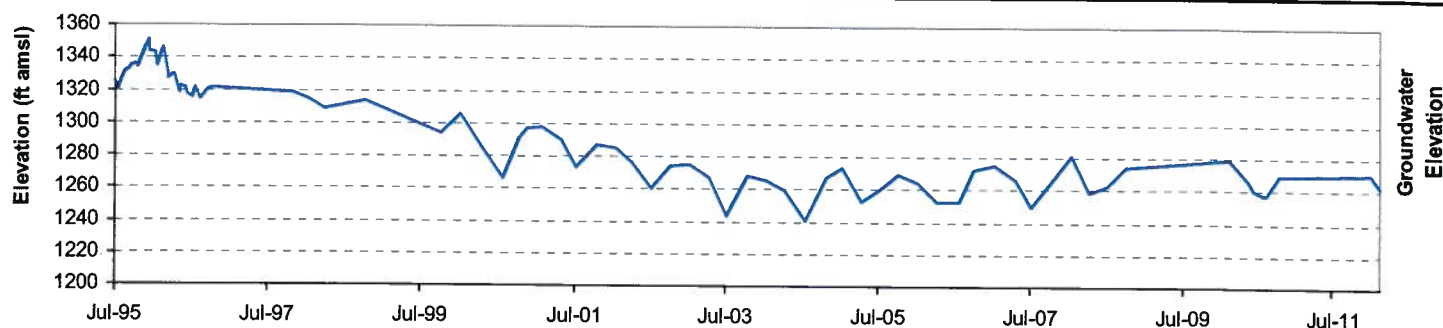
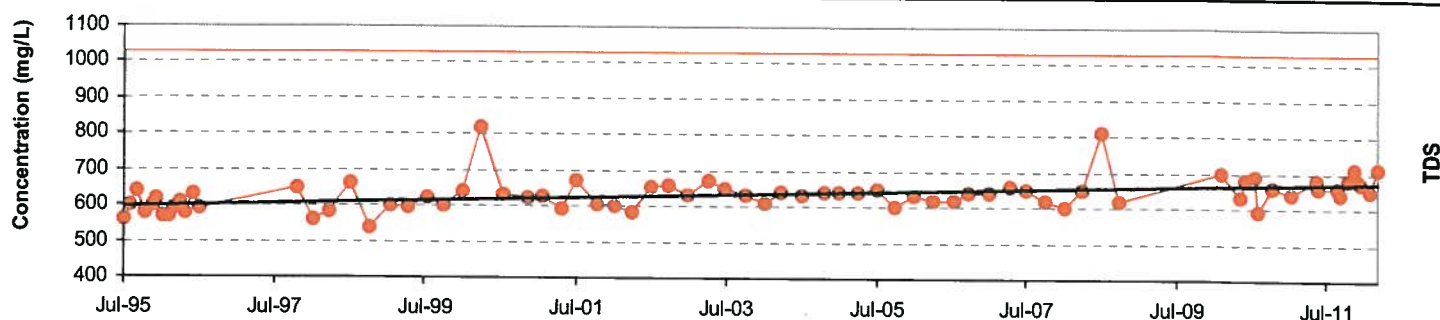
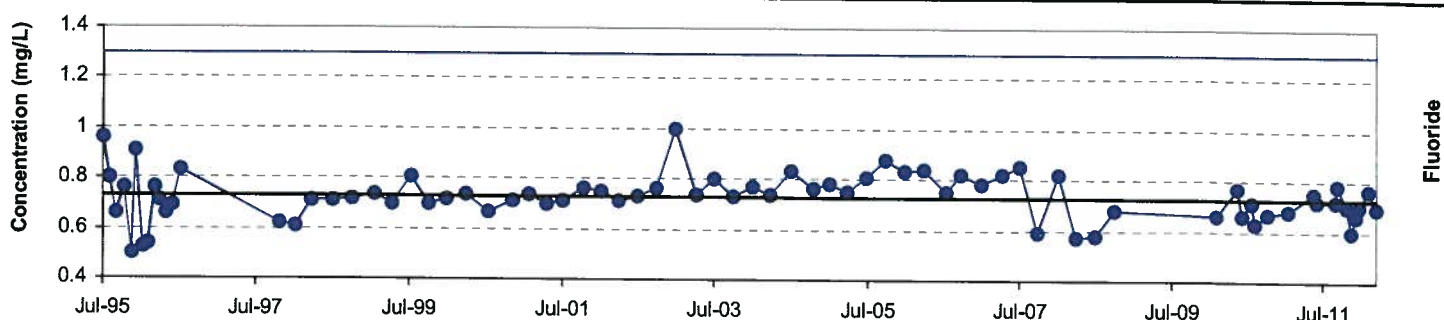
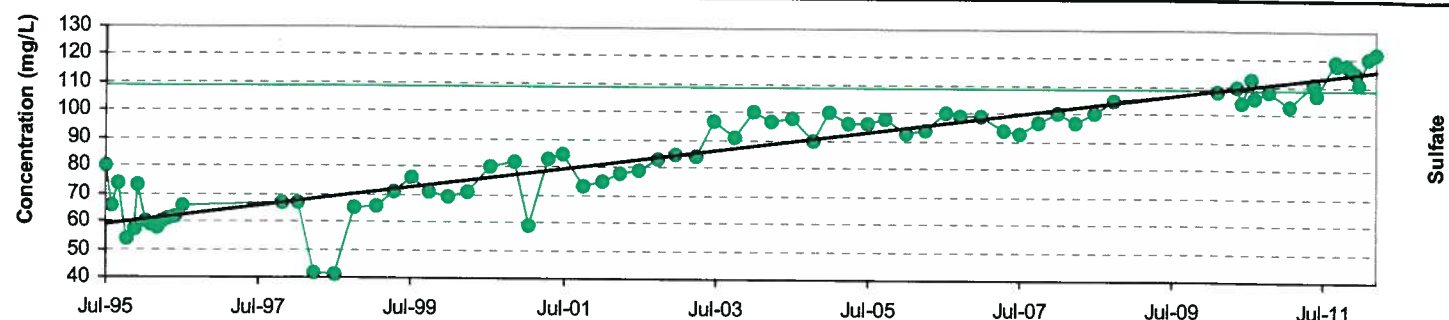
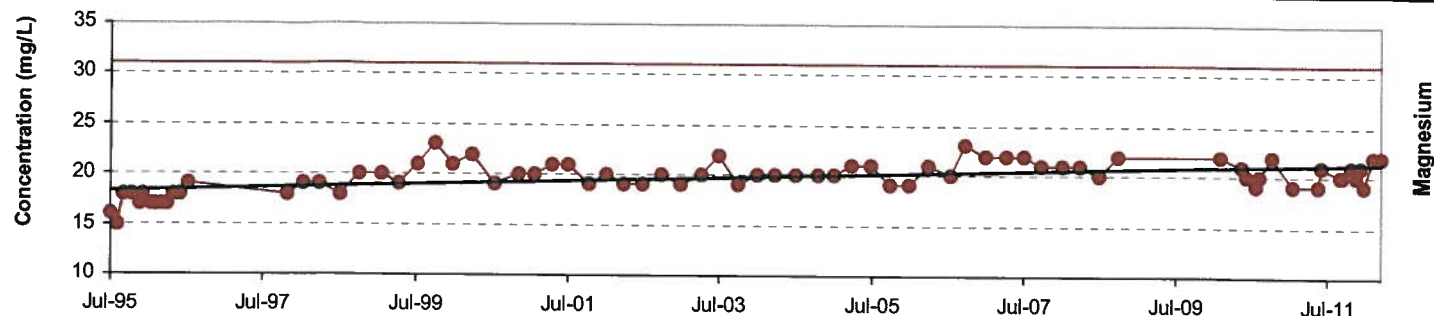
CURIS RESOURCES (ARIZONA) INC.



Daniel Johnson
Environment and Technical Services Manager

BAS:ld
Attachments

cc: Florence Copper File
Ms. Nancy Rumrill, U.S. Environmental Protection Agency



**Brown AND
Caldwell**

**M1-GL
QUARTERLY PARAMETERS
CURIS RESOURCES (ARIZONA) INC.
FLORENCE, ARIZONA**